

T&E COMMITTEE # 1  
January 27, 2003

## MEMORANDUM

January 23, 2003

TO: Transportation and Environment (T&E) Committee  
FROM: Glenn Orlin, <sup>GO</sup>Deputy Council Staff Director  
SUBJECT: WMATA FY 04 Operating Budget and fare proposals

The Board of Directors of the Washington Metropolitan Area Transit Authority has begun its deliberations on its FY 04 Operating Budget. Due primarily to steady growth in system ridership and in non-ridership revenue (such as advertising), WMATA has been able to hold the line on fares since FY 95. However, with the rate of growth declining, lesser non-ridership revenue, and growing costs, there is a projected \$48 million fiscal gap for FY 04. Initially the WMATA staff have proposed that half this gap be covered by expenditure reductions and half by fare increases.

Although the Maryland Department of Transportation pays all the Montgomery County-related costs for WMATA's programs, these decisions are critical for the Council in two ways. First of all, since Metrorail and Metrobus together comprise most of the transit service and carry most of the transit ridership in the County, changes in service and fares could have a measurable impact on countywide transit use, on traffic congestion, on achieving transit mode share objectives, etc. Secondly, because the region has tried to adhere to the principle of fare simplification—that is, charging the same amount for bus fare whether on Metrobus, Ride On, or on other local bus systems—it is likely that an increase in Metrobus fares will result in a corresponding increase in Ride On fares, which will have direct budget implications for the County's Mass Transit Fund.

Attached are:

- the December 12, 2002 WMATA Board Budget Committee briefing packet on the FY 04 Budget (starting on © A-1);
- the January 9, 2003 Budget Committee briefing packet on proposed fare strategies in FY 04 (starting on © B-1); and
- the WMATA Board's January 16, 2003 resolution soliciting public input on most of the fare strategies put forward by WMATA staff (starting on © C-1).

Board Member Cleatus Barnett (who also serves on the Budget Committee), Board Alternate Carlton Sickles, Board Secretary and Chief of Staff Harold Bartlett, and WMATA's Maryland Government Relations officer Gene Counihan will brief the Committee on the FY 04 budget and fare proposals.



***Washington Metropolitan Area Transit Authority***

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***Fiscal 2004 Proposed  
Operating and Capital Budgets***

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***Budget Committee  
December 12, 2002***



***Washington Metropolitan Area Transit Authority***

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***Operating Budget Baseline***

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➤ ***Since 1995, Metro has provided INCREASING value:***

- ***Service levels have grown faster than subsidies***
- ***Surpluses have been returned, not re-invested***
- ***Average fares are at their lowest point ever***
- ***Service volume has grown, average cost has dropped***

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➤ ***In the same period, business demands have changed:***

- ***Service and cost levels have grown as fares have fallen***
- ***Post-9/11 world has created new challenges***
- ***The 103-mile system is complete – volume growth slows***
- ***Inflation and Paratransit services become major drivers***
- ***FY04 has a \$48M challenge to be solved in the budget***



# Inputs & outputs...

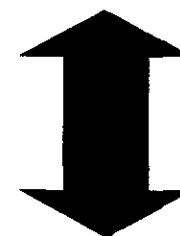
## Resource Indicators

\$M	<u>baseline</u>						4yr Growth	
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Total</u>	<u>Ave.</u>	
Budgeted Subsidy	\$ 317	\$ 318	\$ 329	\$ 344	\$ 366	15.5%	3.7%	
Actual Subsidy	\$ 313	\$ 306	\$ 308	\$ 327	\$ 341	9.0%	2.2%	
Subsidy Credits	—	\$ 12	\$ 21	\$ 17	\$ 25			

**~\$75M Subsidy Refunds**

## Service Level Indicators

annual in millions	<u>Baseline</u>						
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>		
Rail Ridership	144	151	155	163	177	22.9%	5.3%
Bus Ridership	118	121	125	139	146	23.7%	5.5%
Bus Scheduled Miles	41	40	41	43	45	9.8%	2.4%

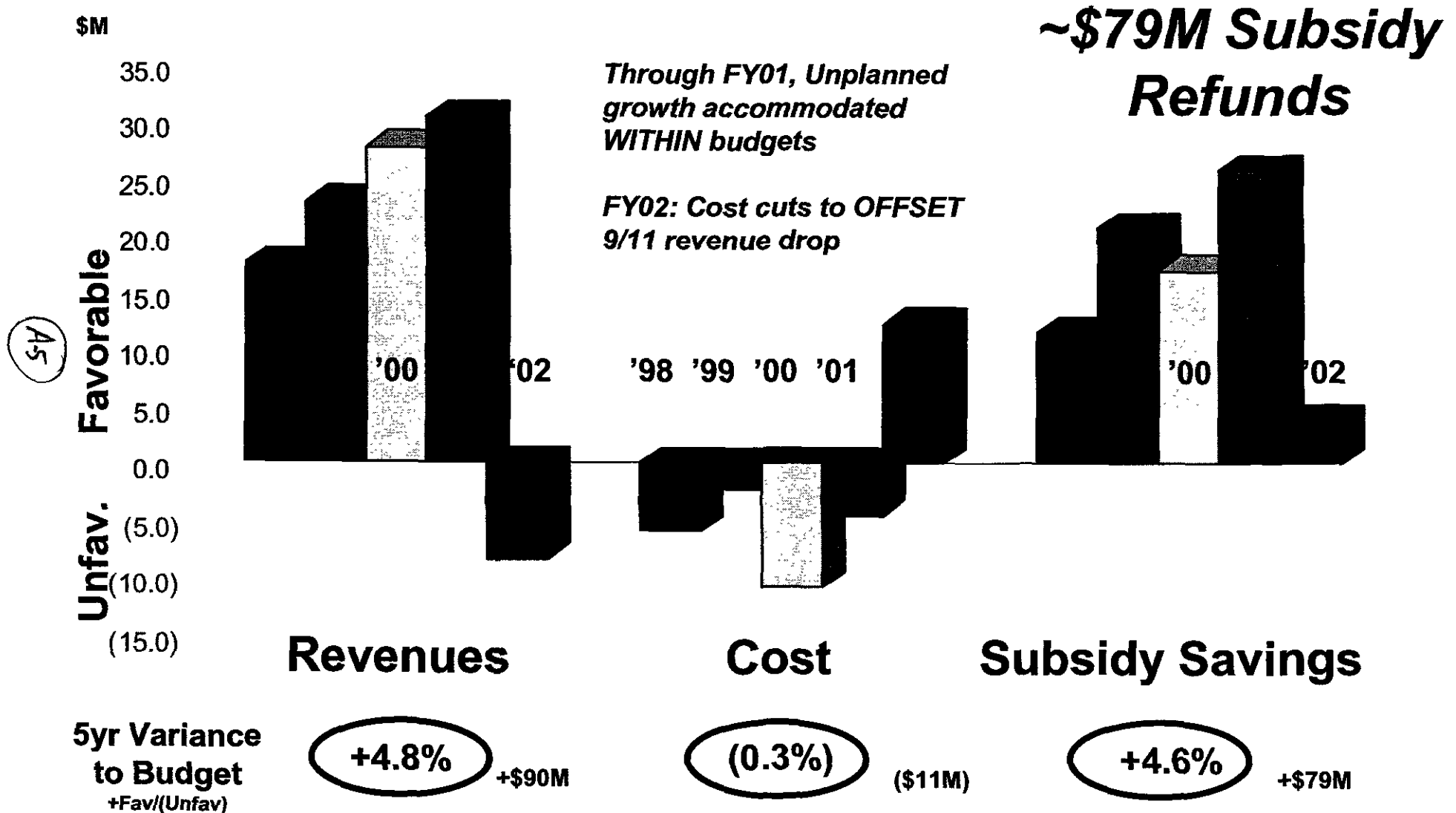


**~2X !!**

**Prior to 9/11 – a two for one Return on Investment**



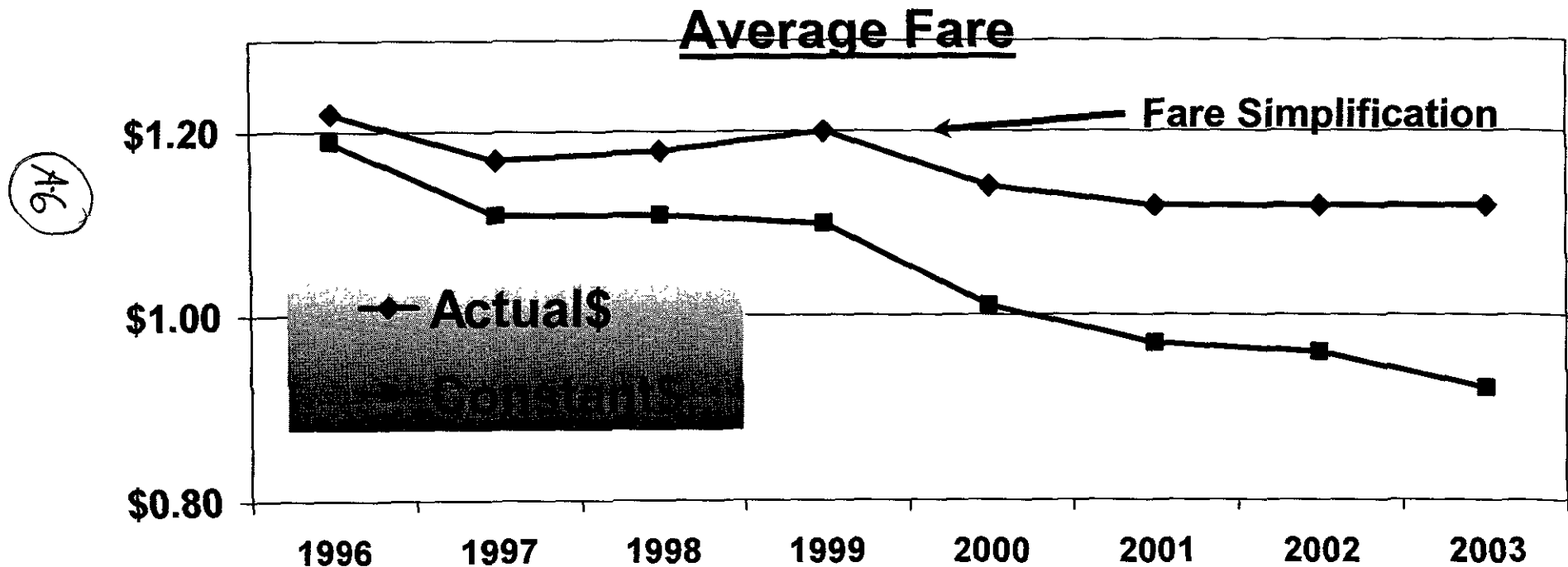
## Revenue growth & cost management...





## Delivering Great Value...

- **FY03 was the 8<sup>th</sup> consecutive year without a fare increase**
- **Fares have DECLINED in both real and inflation adjusted terms**
- **CPI would have today's fares over 25% higher than current**

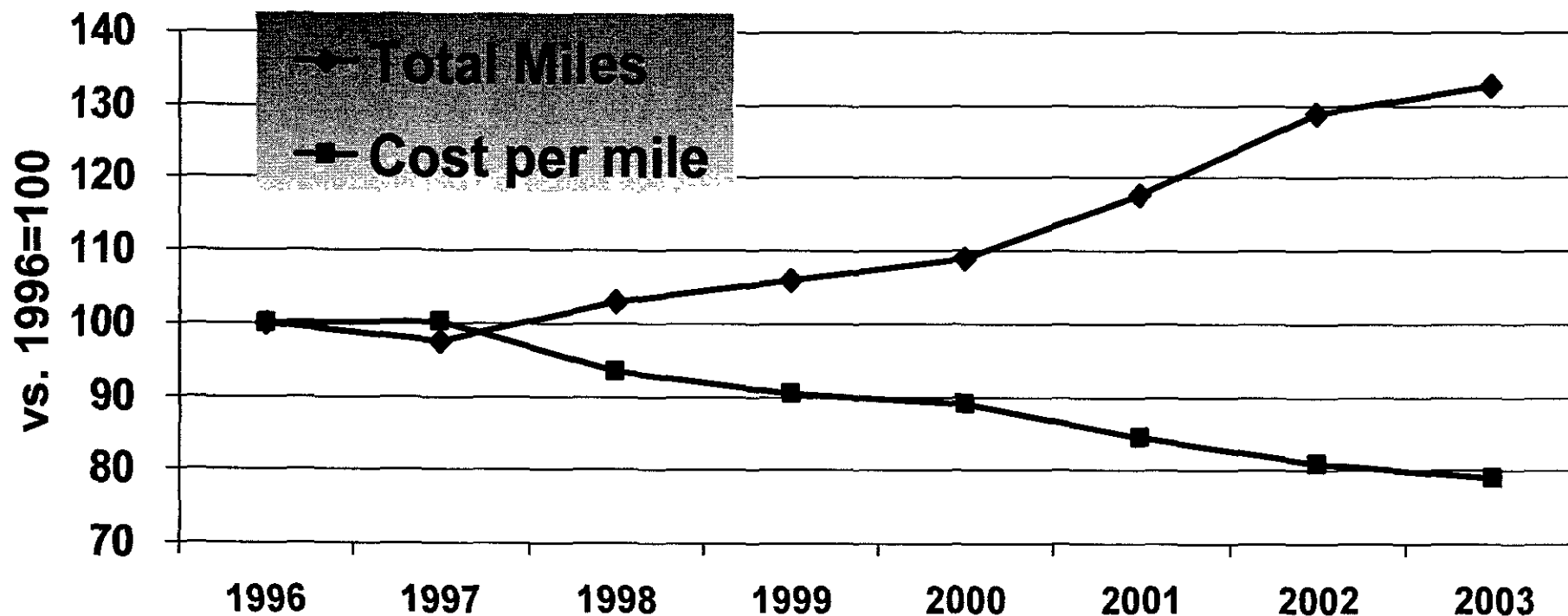


**Passengers enjoy lowest fares in history**



## Driving Efficiencies...

- *FY03 continues our history of delivering cost productivity*
- *Regional Mobility Panel commitment to hold Bus subsidy is a driver*
- *Rail & Bus Service mileage has grown over 30% since '96 levels*
- *Adjusting for inflation, Metro is almost 25% less costly than in '96*

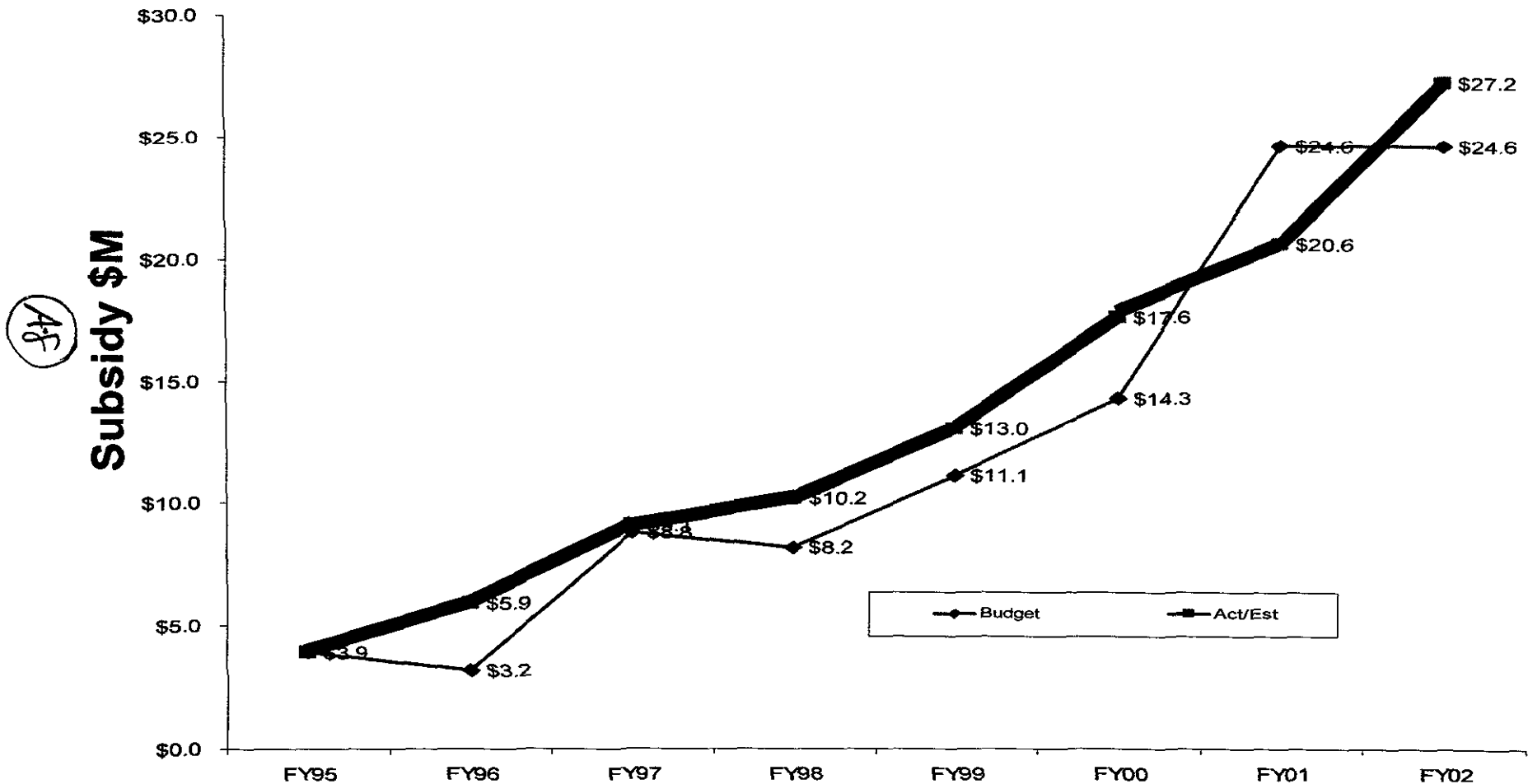


***Delivering service growth at lower rates***





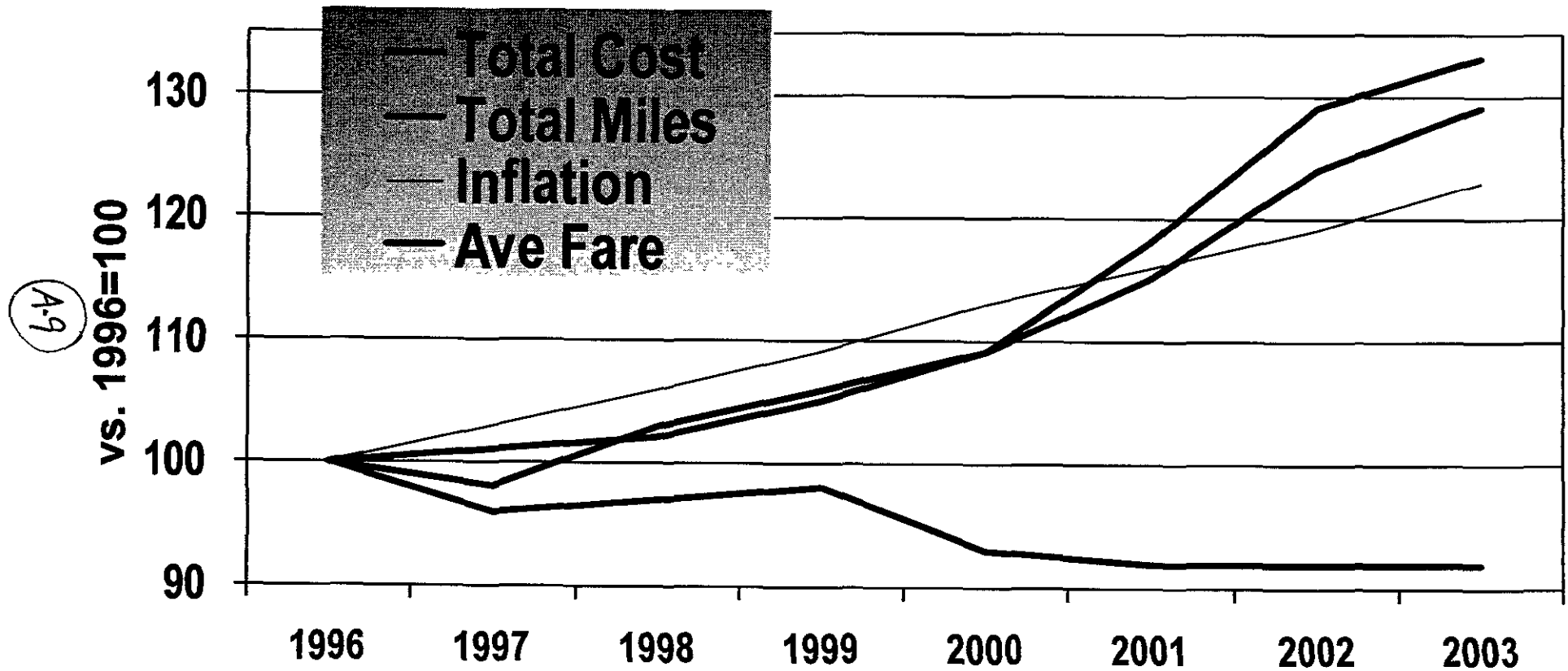
## Newer service, trends now evident...



**25%+ ave. volume growth: \$35 cost for a \$2.20 ride**



**Clearly diverging trends...**



**Gap continues to widen**



## ***Dramatic FY02 Passenger Revenue swing...***

- **Ended Fiscal 2002 nearly \$10M lower than Plan Revenues**
- **Still managed to grow \$7M (2%) over FY01**
- **Took out \$24M from cost base - \$15M in FY02 plus \$9M in FY03**
  - ***Covered EXTRA NEEDS in Safety & Security***
  - ***COMPLETELY OFFSET the revenue miss***
  - ***BEAT the TARGET need and finished BETTER than plan subsidy***
  - ***Set up the FY03 Plan from a position of STRENGTH***

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**Incremental revenue view vs. FY03...**

\$M

	<u>vs. FY03</u>
Passenger <b>GROWTH</b> @ 3%	\$12
Non-passenger Revenues	(\$6)
<b>Revenue GROWTH Total</b>	<u>\$6</u> <b>+1%</b>

(A-11)

- **Passenger revenue growth is tied to long-term strategy, but is optimistic:**
  - *Recent growth was supported with station openings*
  - *103 mile system is complete*
- **Several fiber optics contracts are at risk due to the softness of that market**

\$ Million ***GROWTH is still there, but at a slower rate***

**Incremental cost vs. FY03...**

<b>\$M</b>		<b><u>FY02</u></b>	<b><u>FY03B</u></b>	<b><u>FY04E</u></b>
	<b><u>Costs</u></b>			
	Prior Year Cost	\$762	\$811	\$850
	<b><i>Wages &amp; Salaries</i></b>	<b>\$19</b>	<b>\$20</b>	<b>\$21</b>
	<b><i>Benefits</i></b>	<b>\$12</b>	<b>\$6</b>	<b>\$12</b>
	MetroBus fuels	\$0	\$0	\$2
	<b><i>Insurance</i></b>	<b>\$0</b>	<b>\$0</b>	<b>\$4</b>
	All Other	\$2	\$3	\$5
	<b><i>9/11 Cost Containment</i></b>	<b>(\$15)</b>	<b>(\$9)</b>	<b>\$0</b>
	<b><i>Paratransit</i></b>	<b>\$0</b>	<b>\$4</b>	<b>\$12</b>
	New Bus Service	\$6	\$7	\$6
	New Svc's/Programs	\$14	\$2	\$2
	5000 Series Rail Cars	\$7	\$7	\$0
	<b><i>Safety &amp; Security</i></b>	<b>\$4</b>	<b>\$0</b>	<b>\$5</b>
	Branch Ave Yard	\$0	\$0	\$2
	<b><i>Sub-Total</i></b>	<b>\$811</b>	<b>\$850</b>	<b>\$922</b>

**Cost becomes paramount driver**

**Projected shortfall...**

\$M	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>'03 - '04 Variance</u>	<u>%</u>
<u>Revenues</u>					
Total Revenue	\$428	\$446	\$452	\$6	1.3%
<u>Costs</u>					
(A-13) Total Cost	\$811	\$850	\$922	\$72	8.4%
Subsidy	\$383	\$404	\$470	\$66	
Subsidy Growth		5.5%	16.3%	↓	
Subsidy Guidance @ 4.5%		\$404	\$422	\$18	
Budget Imbalance		\$0	\$48	←	

**Budget requires a \$48M solution**



*Washington Metropolitan Area Transit Authority*

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## ***Fiscal 2004 Operating Budget Proposal***



## **Budget Guidance...**

- ☒ **Proposed Current Services Budget**
- ☒ **Complete evaluation of all expenses to review potential for cost savings**
- ☒ **Ridership and revenue projections based on current trends and economic conditions**
- ☒ **Subsidy growth in an amount not to exceed 4.5%**
- ☒ **Apply 2-year phase in of new census data for subsidy allocations**

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**Current Services Budget would drive Costs Up \$72M . . .**

<b>FY03 Approved Budget.....</b>	<b>\$850</b>	
- <b>FY04 Inflation:</b>		
<b>Contractual &amp; Other Payroll</b>	<b>\$21</b>	← <b>Labor rates are fixed with collective bargaining agreements</b>
<b>Health Insurance Premiums</b>	<b>\$12</b>	← <b>National Trends</b>
<b>Bus Fuel</b>	<b>\$2</b>	← <b>Post 9/11 Impacts</b>
<b>Operating Insurance</b>	<b>\$4</b>	← <b>Post 9/11 Impacts</b>
<b>All other</b>	<b>\$5</b>	← <b>Modest 2% - 3% CPI</b>
<b>Subtotal Inflation</b>	<b>\$44</b>	
- <b>Paratransit</b>	<b>\$12</b>	Increases driven by mix of requirements and operational need
- <b>Guideline Based Bus Service</b>	<b>\$6</b>	
- <b>New Svc's/Programs</b>	<b>\$2</b>	
- <b>Maintenance of Safety Syste</b>	<b>\$5</b>	
- <b>Branch Ave Yard</b>	<b>\$2</b>	
<b>FY04 Projected Costs.....</b>	<b>\$922</b>	<b>\$72M Increase Above FY03</b>
	<b>\$Millions</b>	

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## **Budget Principles...**

### **Cost Control:**

- **Maintain current level of services.**

- Protect existing service - - no bus & rail service capacity improvements
  - No guideline based bus service increases

- **Increase and enhance police and safety capabilities**

- Self-fund and reallocate existing resources to the greatest extent possible

- **Streamline:**

- Management streamlining - -**

- Reduce management staff through early out and position eliminations

- Reallocate remaining staff to de-layer and flatten organization

- Program streamlining - -**

- Eliminate / reduce programs that least impact customer service

- Shift existing resources into areas of highest need

- Cut back use of outside consultants

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## ***BUGDET PRIORITY: PROTECT SERVICE***

Proposed budget **DOES NOT** include service cuts

### ***BUS SERVICE***

- No bus service capacity improvements
- No guideline based bus service increases
  - Prior year budgets generally included \$6M for guideline based bus improvements

### ***RAIL SERVICE***

- Last year's budget included resources for complete delivery of 192 new rail cars
- FY04 budget fully deploys 6-car trains system-wide during peak period

### ***PARATRANSIT SERVICE***

- \$12M budget increase due to 20% - 30% increases in demand

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## ***BUDGET PRIORITY: INCREASE POLICE and SECURITY***

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**+10 added police officers to increase coverage and visibility at core transfer stations - \$0.5M operating cost**

**+8 added police officers for Largo extension & New York Avenue station  
Capital funded for startup in FY04 - Becomes operating in FY05**

**+15 added Special Police to staff security posts at WMATA facilities  
Offset by equivalent reduction in overtime costs**

### ***New Capital security investments***

**+20 maintenance staff associated with new security systems  
\$1.4M operating cost**

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## **BUDGET PRIORITY: MANAGEMENT STREAMLINING**

**Elimination of 83 management & administrative positions**

**(6%) reduction in white-collar staff**

**Cost Reduction: (\$7 Million)**

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**Reduction in management staffing levels**

**De-layering and flattening the organizational structure**

- **Proposed “early-out” program will only replace 1 manager for every 2 early retirements, (60) positions eliminated**
- **Increased benefit to motivate managers at or near retirement to “opt out” now**
- **Additional management staffing reductions coming from reductions and cut backs in areas of overhead and support functions, (23) positions eliminated**
- **Details of position eliminations to be provided during budget review process**

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## **BUDGET PRIORITY: PROGRAM STREAMLINING**

**Revised Sales / Marketing Program**

**Elimination of 5 positions**

**Cost Reduction: (\$1.5 Million)**

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- **25% reduction in advertising budget**
- **Most passes currently offered for sale have very small utilization  
Proposal eliminates all but the most popular customer passes**
- **Elimination of 1 revenue processing team out of 7 existing teams**
- **Servicing of fare vending machines in rail stations will be reduced  
A few out-of-service conditions will exist, but all mezzanines will  
continue to have most machines operational**

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## **BUDGET PRIORITY: PROGRAM STREAMLINING**

**Efficiency and Productivity**

**Elimination of 14 existing positions covers add of 8**

**Cost Reduction: (\$6.9 Million)**

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- **New Branch Avenue Yard going operational - Fully accommodated in this budget by shifting existing resources**
- **(14) positions eliminated from operations through startup use of new technology that will allow for automated traffic checking and bus vehicle diagnostic checking**
- **+8 positions added new parking garages opening in FY04  
New capital facilities require maintenance workers**
- **Implement paratransit cancellation for chronic abusers**

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## **BUDGET PRIORITY: PROGRAM STREAMLINING**

### **Diesel Fuel Swap**

**Cost Reduction: (\$2.3 Million)**

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- Significant uncertainty exists in fuel market due to global issues that remain unresolved
- Board approved lock in of diesel fuel prices for next year now
- Swap concluded: effective July 1 – for new fiscal year

### **Cutback Reliance on P&T**

**Cost Reduction: (\$2.2 Million)**

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- 15% budget reduction in professional & technical services
- FY04 result - - live without benefit of P&T or assume responsibilities with existing staff
- Results in increased staff effort required as offset to reduction in use of outside professional and technical services





## **BUDGET PRIORITY: PROGRAM STREAMLINING**

### **Non-Operating-Budget Position Eliminations**

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- End of Capital Reimbursable project for DC-DPW and downsizing of capital program eliminate (50) positions in Department of Capital Program Management
- End of PRTC reimbursable bus contract eliminates (90) positions in Department of Operations

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## **\$24M Cost Control on a Current Services Budget**

### **Detailed Review of Operating Changes**

	Cost Increase (Decrease) \$ Millions	Positions	
		Cut	Added
PROTECT EXISTING SERVICES			
No guideline based bus service increase	(\$6.0)		
SAFETY & SECURITY			
Police @ core x-fers and bldg security	\$0.5		33
Maintenance of security systems	\$1.4		20
STREAMLINING			
Management Streamlining	(\$7.0)	(83)	
Program Streamlining:			
- Sales and Marketing	(\$1.5)	(5)	
- Efficiency & Productivity	(\$6.9)	(14)	8
- Diesel Fuel Swap	(\$2.3)		
- Consultant Cutback	(\$2.2)		
OPERATING BUDGET CHANGES.....	<u>(\$24.0)</u>	(102)	61
Reduction in Capital Reimbursable Positions		(50)	
Reduction in Operating Reimbursable Positions		(90)	
Total Reduction in Positions.....		(242)	61
			Net
			(41)
			(50)
			(90)
			(181)

***With previous reductions, now at limits without Service cuts***



## **Budget Results – Shared Solution**

**\$24M Cost Control**

- **Cost reductions totaling \$24M**
  - Management and program streamlining
  - Defers guideline based bus service increases
  - Protects current services
  - Increases safety and security – self funded
- **\$24M reduction taken on top of post 9/11 cost cuts**  
**\$15M(FY02) + \$9M(FY03) + \$24M(FY04) = 6% overall expense reduction**

**\$24M Revenue Increase**

- **Revenue increase of \$24M to balance the budget**
- **\$24M equates to 6% of passenger revenue...equal to cost reductions**
- **Would be 1<sup>st</sup> increase in eight years - averages less than 1% per year**
- **Options to be examined as part of budget review process**



## Total Budget Summary

	FY03	FY04		
	Approved Budget	ProForma Budget	Shared Solutions	Proposed Budget
Revenue	\$446	\$452	\$24	\$476
Cost	\$850	\$922	(\$24)	\$898
Subsidy \$ Millions	\$404	\$470	(\$48)	\$422

*Guidance Allowed  
+\$18M or 4.5%*

The diagram shows a curved arrow pointing from the FY03 Subsidy value of \$404 to the FY04 Proposed Budget Subsidy value of \$422. A callout box with an arrow pointing to the arrow between these two values contains the text "Guidance Allowed +\$18M or 4.5%".

**Proposal meets Guidance – Subsidy increase of 4.5%**



## ***Operating Budget Summary***

- Proposed budget meets guidance with subsidy increase limited to 4.5%
- \$24M cost reduction and \$24M revenue increase balance the FY04 Operating budget
- Safety and security increases coupled with management and other budget cuts
- Paratransit demand accommodated (+\$12M)
- 6% reduction in white collar staff:
  - (60) positions eliminated through early-out program
  - (23) positions eliminated through voluntary cut backs to streamline and delay the organization
- Also proposed – other reductions in program streamlining
- Additional expense reductions will affect service levels
- Detailed menu of revenue increase options to be presented during Budget Committee review process beginning in January

***Still increasing Services while containing Cost***



## Fiscal 2004 Operating Budget Proposal

## OP Subsidy Allocation

(Includes 2-year phase in of 2000 Census data)

- **Final subsidy-by-jurisdiction will differ from these results**
- **\$24M revenue increases here is assumed to be proportional to the FY03 budgeted revenue**
- **Actual results may vary significantly jurisdiction by jurisdiction**

	FY03 Approved Budget	FY04 Proposed Budget	Subsidy Change	
\$ Millions				
District of Columbia	\$158.8	\$160.4	\$1.6	1.0%
Montgomery County	\$69.1	\$74.8	\$5.7	8.2%
Prince George's Count	<u>\$74.5</u>	<u>\$81.8</u>	<u>\$7.3</u>	9.8%
Maryland Total	\$143.6	\$156.6	\$13.0	9.1%
Alexandria	\$17.6	\$17.8	\$0.2	1.1%
Arlington	\$29.5	\$29.4	(\$0.1)	-0.3%
City of Fairfax	\$0.9	\$1.1	\$0.2	22.2%
Fairfax County	\$52.7	\$55.6	\$2.9	5.5%
Falls Church	<u>\$1.2</u>	<u>\$1.2</u>	<u>\$0.0</u>	0.0%
Virginia Total	\$101.9	\$105.1	\$3.2	3.1%
Total	<u>\$404.3</u>	<u>\$422.3</u>	<u>\$18.0</u>	4.5%

Detailed  
Calculations  
Available  
In Appendix



***Washington Metropolitan Area Transit Authority***

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***Capital Improvement Program Proposal***

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➤ **FY 2004–2009 Capital Improvement Program (CIP) was developed in conformance with:**

- Board Guidance
- Current funding forecasts as recently defined by state and local governments in response to our ten-year, \$12.2 billion capital improvement program proposal

➤ **This results in a six-year CIP that will be \$274.5 million less than the previous Board adopted program**

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➤ **FY 2004–2009 Capital Improvement Program was developed with the following Board-directed priorities:**

- First Urgent Priority – Infrastructure Renewal Program (IRP)
- Second Urgent Priority – System Access/Capacity Program (SAP), 120 Rail Car Program (unfunded)



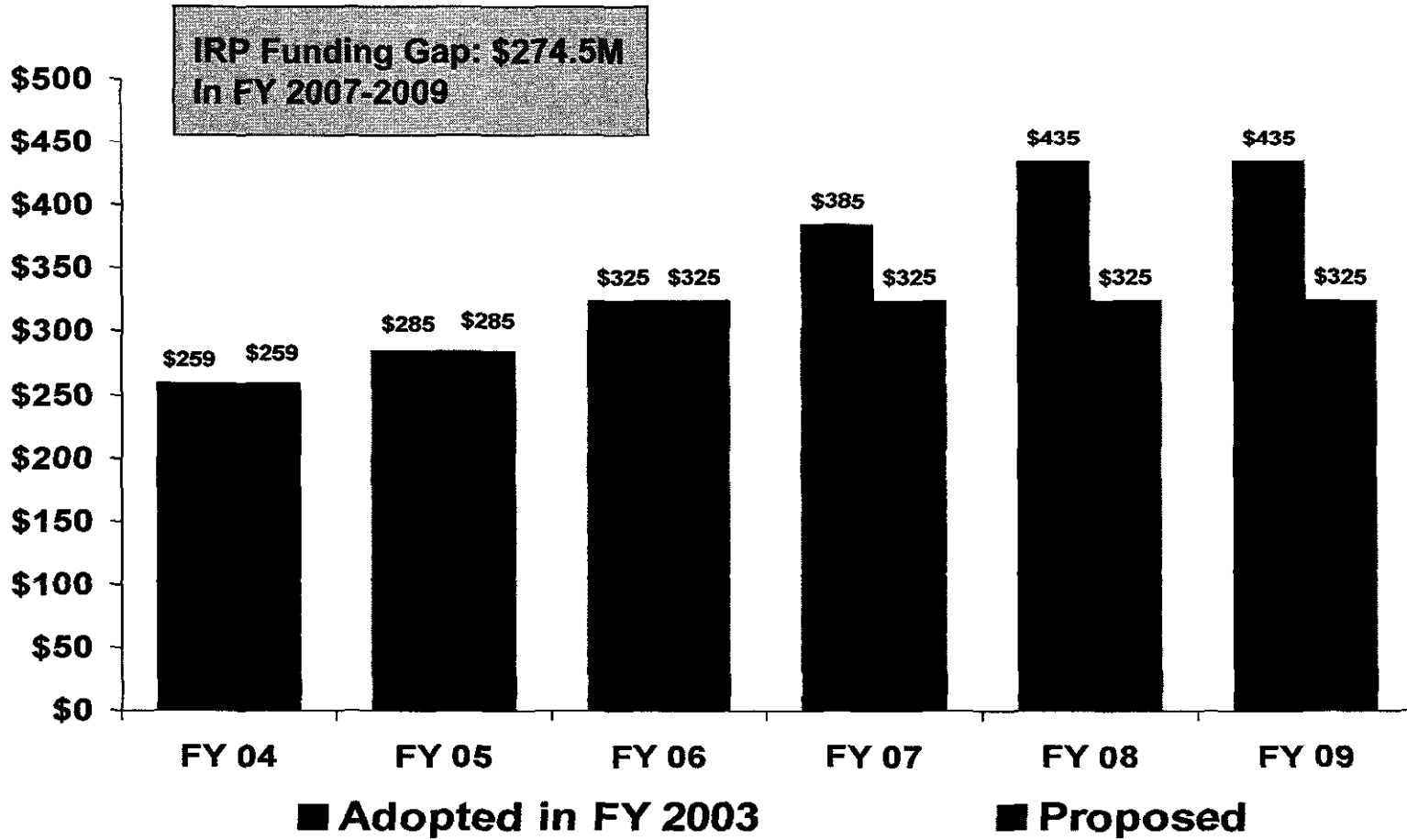
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## Capital Improvement Program Proposal

## IRP Funding Gap

\$M



Proposed excludes any potential funding increase that may be necessary for elevator/escalator program

Data excludes reprogramming and TIIF



### Adopted vs. Proposed FY 2004-2009

(\$ in Millions)

IRP Program	FY 2004-09 Adopted	FY 2004-09 Proposed	Difference	% Difference
Bus Stock & Fac.	\$ 353.1	\$ 204.9	\$ (148.2)	-42%
Rail Stock	22.2	18.9	(3.3)	-15%
Passenger Fac.	325.3	287.5	(37.8)	-12%
Maintenance Fac.	196.1	136.9	(59.2)	-30%
Systems	229.4	302.4	73.0	32%
Track & Structures	135.4	97.5	(37.9)	-28%
Information Tech.	36.7	27.3	(9.4)	-26%
Mgmt. & Financing	124.2	72.6	(51.6)	-42%
Preventive Maint.	124.4	124.2	(0.2)	0%
Total	\$ 1,546.8	\$ 1,272.2	\$ (274.5)	-18%

- Proposed budget results in an 18% reduction from Board-adopted plan for the six-year period
- The entire reduction occurs in the last three years of the six-year period



## Impacts of Reduced IRP Funding

### ➤ Bus Rolling Stock and Facilities

- Reduced bus procurement from 650 to 380 buses (42% reduction) beginning in FY 2004
- Conversion of 3<sup>rd</sup> CNG facility will be deferred one year
- No additional facility conversion to CNG for bus procurement will be possible

### ➤ Passenger Facilities

- Deferral of parking lot structure rehabilitation program

### ➤ Maintenance Facilities

- Deferral in rail and bus support equipment, non-revenue vehicle replacement, and facility upgrade program

**Deep cuts in bus replacement and significant deferral in maintenance support projects**

### ➤ Systems

- Increase in power and ATC due to updated condition assessment; defers replacement of fare collection equipment

### ➤ Track and Structures

- Deferral in the aerial structure rehabilitation program

### ➤ Information Technology

- Does not include any additional IT systems renewals beyond current plans

### ➤ Program Management and Financing

- Reflects a reduction in staff and consultant support due to reduced program funding

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## Proposed System Access/Capacity Program: FY 2004 - 2009

(in millions \$)

Projects	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total	
Ballston Station Improvements	\$ 0.5	\$ 7.3					\$ 7.8	
Bus Expansion	3.1						3.1	1/
Precision Stopping-ATC	1.5						1.5	
Total	\$ 5.1	\$ 7.3	\$ -	\$ -	\$ -	\$ -	\$ 12.4	2/

1/ Assumes discretionary federal funding for bus expansion

2/ Based on currently programmed funds

### Unfunded - 120 Rail Cars

6000-Series Rail Car Option		\$ 237.8					\$ 237.8
Rail Maintenance & Storage	8.0	99.4	6.0	3.7			117.1
Associated System Support	8.5	90.9	93.3	77.5			270.2
Total	\$ 16.5	\$ 428.1	\$ 99.3	\$ 81.2	\$ -	\$ -	\$ 625.1

**Unfunded Project - 120 Rail Car program (6000 series rail car options, rail maintenance and storage, and associated systems)**

- Immediate need for \$16.5m in FY 2004
- Rail car option schedule: 50 cars – Nov. 2004, 70 cars – May 2005



### Proposed System Expansion Program: FY 2004 - 2009

(in millions \$)

Projects	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Project Development	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0	\$ 18.0
Largo Extension & Parking	17.1	6.5	4.5				28.1
Total	\$ 20.1	\$ 9.5	\$ 7.5	\$ 3.0	\$ 3.0	\$ 3.0	\$ 46.1

**Dulles Corridor is not included because the Dulles PE/FEIS is subject to FTA approval, and Virginia approval of the local preferred option (LPA)**



## Capital Improvement Program Proposal

## CIP Budget

### Proposed Capital Improvement Program: FY 2004 - 2009

(in millions \$)

CIP Program	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Infrastructure Renewal Program (IRP)	\$ 265.9	\$ 285.0	\$ 225.6	\$ 205.4	\$ 163.5	\$ 126.8	\$ 1,272.2
System Access/Capacity Program (SAP)	5.1	7.3					12.4
System Expansion Program (SEP)	20.1	9.5	7.5	3.0	3.0	3.0	46.1
Total	\$ 291.1	\$ 301.8	\$ 233.1	\$ 208.4	\$ 166.5	\$ 129.8	\$ 1,330.7

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## ***Summary of Proposed CIP Budget***

### **➤ Infrastructure Renewal Program (IRP)**

- Full funding in FY 2004 through 2006
- FY 2007 through 2009 reduced by \$274.5 million – 18%
- Reallocation of resources to support highest priority needs.
- Significantly reduces bus procurement program

### **➤ System Access/Capacity Program (SAP)**

- Unfunded procurement of 120 rail cars to support eight-car trains, necessary for alleviating passenger crowding

*(FY 2004 cost \$16.5M, FY 2004-2009 cost \$625.1M)*

### **➤ System Expansion Program (SEP)**

- Funds FY 2004 commitments for projects previously approved: Largo Extension and Project Development

**Deferments in program funding, resulting from the funding gap, may impact system reliability in later years**

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# Capital Improvement Program Proposal

## CIP Contributions

### FY2004 ESTIMATE

(in millions \$)	IRP	SAP	SEP	Total
<b>Budget</b>	<b>\$ 265.9</b>	<b>\$ 5.1</b>	<b>\$ 20.1</b>	<b>\$ 291.1</b>
<b>Funding:</b>				
Federal	167.0	2.5		<b>169.5</b>
DC	33.4	0.2	1.1	<b>34.7</b>
Maryland				
Montgomery Co	15.4	0.1	0.6	<b>16.1</b>
Prince George's	16.5	0.1	0.5	<b>51.5</b>
MD/Federal			17.1	<b>17.1</b>
Subtotal	31.9	0.2	18.2	<b>84.7</b>
Virginia				
Alexandria	4.2		0.1	<b>5.2</b>
Arlington	7.8	0.6	0.2	<b>10.1</b>
Fairfax Co	12.3	0.1	0.4	<b>13.5</b>
Fairfax City	0.2		3/	<b>0.2</b>
Falls Church	0.3		3/	<b>0.3</b>
VA/Federal				<b>0.5</b>
Subtotal	24.8	0.7	0.7	<b>29.8</b>
Other	8.8 1/	1.5 2/		<b>10.3</b>
<b>Total</b>	<b>\$ 265.9</b>	<b>\$ 5.1</b>	<b>\$ 20.1</b>	<b>\$ 329.1</b>

1/ Reprogrammed funds,  
interest earnings  
2/ TIIF/Reserve  
3/ Less than \$100K

Budget and funding based  
on obligation schedule.

A-40





**Budget Cycle -- Next Steps**

**Jan            *Update revenue forecast, trends, and enhancement opportunities***

**Feb            *Capital program Review***

**Mar            *Operating program costs***

**Apr            *Final reviews*  
*Transmit budget for jurisdictional comments***

**May            *Committee consideration and recommendation to Board***

**June           *Board approval of FY04 budget***

A-41



***Washington Metropolitan Area Transit Authority***

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A-42

## ***Appendix***

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A-43

## ***OP Appendix p.1***



***OP Appendix p.2***

A-44



## Capital Improvement Program Proposal

IRP Funding

### FY2004 ESTIMATE

(in millions \$)	Adopted (Last Year)	Proposed (This Year)	Difference
<b>Federal</b>	<b>\$ 161.3</b>	<b>\$ 167.0</b>	<b>\$ 5.7</b>
<b>Local Match</b>	<b>40.4</b>	<b>41.8</b>	<b>1.4</b>
<b>Local Additional</b>	<b>42.2</b>	<b>35.1</b>	<b>(7.1)</b>
<b>Repairables</b>	<b>5.2</b>	<b>5.2</b>	<b>0.0</b>
<b>Interest</b>	<b>1.5</b>	<b>1.5</b>	<b>0.0</b>
<b>Flexible</b>	<b>8.1</b>	<b>8.1</b>	<b>0.0</b>
<b>Reprogrammed Funds</b>	<b>7.2</b>	<b>7.2</b> <sup>1/</sup>	<b>0.0</b>
<b>TIIF/Claims</b>	<b>13.9</b>	<b>0.0</b> <sup>2/</sup>	<b>(13.9)</b>
<b>Total</b>	<b>\$ 279.8</b>	<b>\$ 265.9</b>	<b>\$ (13.9)</b>

1/ Reprogrammed IRP and Rail Construction Program

2/ Moved to FY 06 & 07 reflect funding availability after second \$30m is allocated to jurisdictions

A-45



# Capital Improvement Program Proposal

IRP Funding

## FY2004 ESTIMATE Including Flexible Funds

	Non-Fed 1/	Flexible	Subtotal	Credit 2/	Total
District of Columbia	\$ 30.40	\$ 3.00	\$ 33.40		\$33.40
Montgomery	14.00	1.40	15.40		15.40
Prince George's	15.00	1.50	16.50		16.50
Maryland Total	\$ 29.00	\$ 2.90	\$ 31.90		\$31.90
Alexandria	3.90	0.40	4.30	(0.30)	4.00
Arlington	7.10	0.70	7.80	(0.04)	7.76
Fairfax City 3/	0.20	0.00	0.20	(0.03)	0.17
Fairfax County	11.20	1.10	12.30	(0.08)	12.22
Falls Church 3/	0.20	0.00	0.20	(0.05)	0.15
Virginia Total	\$ 22.60	\$ 2.20	\$ 24.80	\$ (0.50)	\$24.30
<b>Total</b>	<b>\$ 82.00</b>	<b>\$ 8.10</b>	<b>\$ 90.10</b>	<b>\$ (0.50)</b>	<b>\$89.60</b>

1/ Includes Local Match, Local Additional and Repairable

2/ FY 04 received in FY 03

3/Figures less than \$100K not shown



# **FY 2004 PROPOSED FARE STRATEGY**

**Board Budget Committee**

**January 9, 2003**





### **Presentation Outline**

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- Introduction
  - FY 04 Budget Proposal Recap
  - Purpose
- Background
  - Trends in Peer Systems
  - Historic Trends of Metro's Service Levels, Fares, and Parking Fees
  - Comparative Pricing
- Fare and Parking Pricing Proposal
  - Guiding Concepts
  - Strategies
  - Staff Recommended Menu
- Next Steps
  - Direction for Further Discussion

B-1



**FY 04 Budget Proposal Recap**

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***As Previously Discussed...***

- 3% passenger revenue growth is optimistic – natural growth (adjusted for station openings) is 1.5%
- Advertising market is weak – growth not expected soon
- Fiber optics revenue will drop significantly since telecommunication industry is going through a correction
- Economy still recovering
- Need relative stability- no repeat of September 11th

***Most likely case proposed – No Extremes***



**Purpose**

---

- To provide first discussion on fares and revenues since the CEO's FY 04 Budget Proposal in December 2002
- To provide a menu of targeted fare strategies to meet FY 04 operating budget revenue requirements
- To engage the Budget Committee in a discussion of a package of fare proposals to take to public hearing

2-3



### Trends in Peer Systems

- Comparison of average boarding charges for peer systems and WMATA

8-4

Agency	Region	Rail			Bus			Date of Last Fare Increase
		Boarding Charge	Max Fare	Average Fare <sup>1</sup>	Boarding Charge	Max Fare	Average Fare <sup>1</sup>	
MARTA	Atlanta	\$1.75	\$1.75	\$1.45		\$2.50	\$1.45	FY 2001
MBTA	Boston	\$1.00	\$2.00	\$0.77	\$0.75	\$3.00	\$0.48	FY 2001
CTA	Chicago	\$1.50	\$1.50	\$0.83	\$1.50	\$1.50	\$0.83	FY 1995
MTA	Los Angeles	\$1.35	\$1.35	NA	\$1.35	\$3.35	NA	FY 1994
MTA <sup>2</sup>	New York	\$1.50	\$1.50	\$1.13	\$1.50	\$3.00	\$0.92	FY 1996
SEPTA	Philadelphia		\$2.00	\$1.45	\$2.00	\$3.50		FY 2001
BART <sup>3</sup>	San Francisco Bay Area	\$1.15			NA	NA	NA	FY 2003
AC Transit	San Francisco Bay Area	NA	NA	NA	\$1.50	\$3.25	NA	FY 2003
MTA	Baltimore	\$1.35	\$1.35	\$0.80	\$1.35		\$0.80	FY 1996
WMATA	Washington DC	\$1.10	\$3.25	\$1.65	\$1.10	\$2.00	\$0.51	FY 1995

1. Average fare includes all transfers and passes

2. A fare increase of \$0.25 to \$0.50 is under consideration for CY 03

3. Estimated average fare under the new fare structure

**WMATA's average bus fare is below most of our peer systems; the average rail fare is higher than flat-fare systems, but below the BART distance-based average fare**



### Trends in Peer Systems

#### Impact of 2001-2002 Economic Slowdown on Public Transportation, APTA Peer Review

Problems facing other large transit properties

- 74% reported ridership declines from the prior year
- 61% reported non-operating revenue declines
- 48% reported a decrease in government funding

#### Solutions

- 61% increased fares, and 22% have a planned increase
- 45% reduced service levels

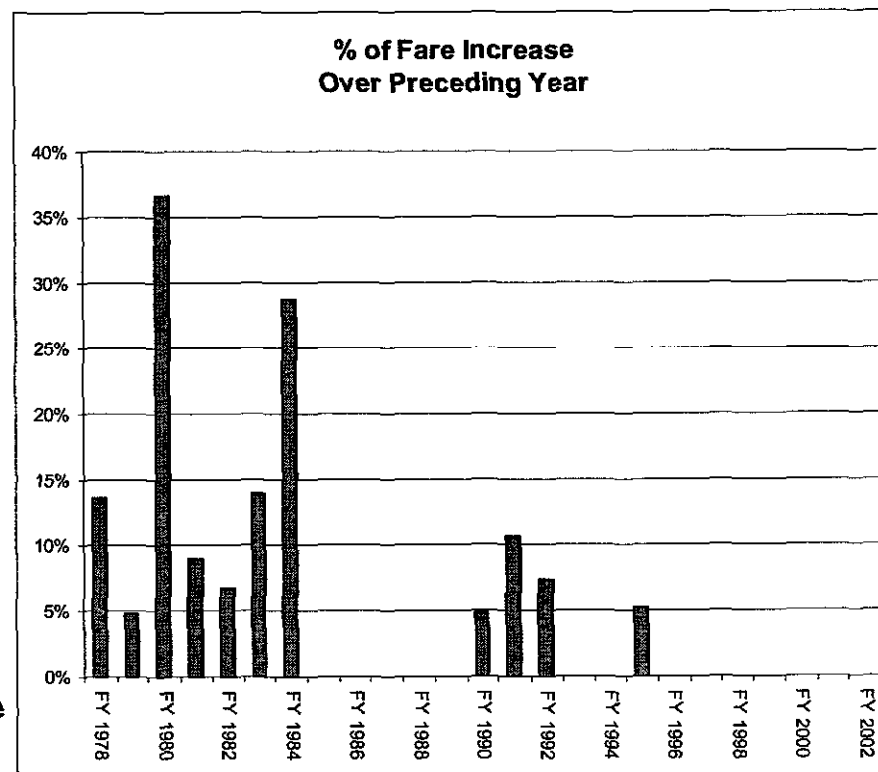
***WMATA's proposal for a fare increase is typical of the transit industry, however no service reductions are proposed and ridership is slightly above last year***



### Historic Trends of Metro's Service Levels, Fares, and Parking Fees

#### Metrobus/Metrorail Historic Trends

- Since Metro's inception, Metrorail has employed a peak/off-peak fare differential
- FY 1978 Metrorail adopts distance based fare structure
- FY 1980 Metrobus eliminates peak/off-peak fare differential
- FY 1980 Metrobus and Metrorail implement a common boarding charge
- FY 1984 Metrorail introduces mileage taper and max fare cap
- FY 1984 Metrorail introduces 3-tiered off-peak fare structure
- FY 1989 Metrorail parking fee increases
- FY 1994 MetroAccess initiated with a fare of twice the fastest fixed route equivalent
- FY 1998 MetroAccess reduces fare from twice the fastest fixed route equivalent to twice the bus boarding charge



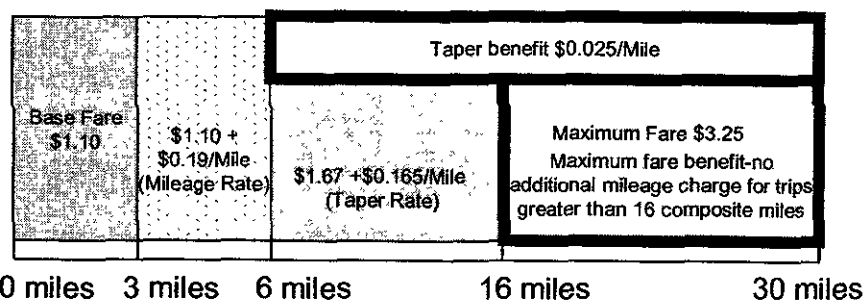
Based on an average trip length of 8 miles.



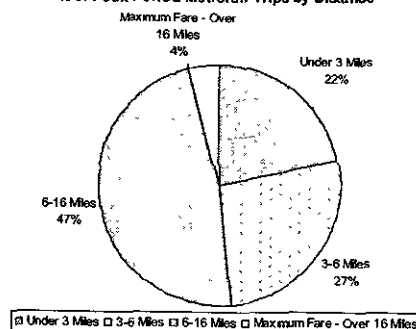
### Historic Trends of Metro's Service Levels, Fares, and Parking Fees

#### Metrorail Current Peak and Off-Peak Fare Structure and Trip Patterns

##### Peak Period Fare Structure

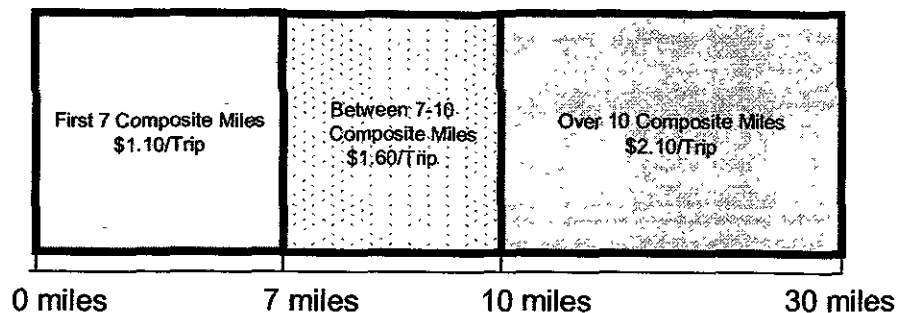


% of Peak Period Metrorail Trips by Distance

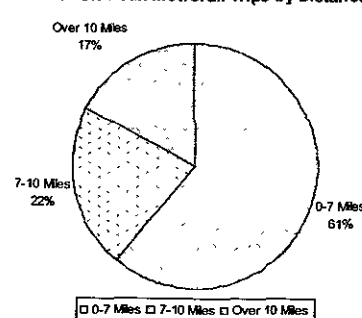


Avg. Trip Length: 8 Miles

##### Off-Peak Period Fare Structure



% of Off-Peak Metrorail Trips by Distance



Avg. Trip Length: 7 Miles

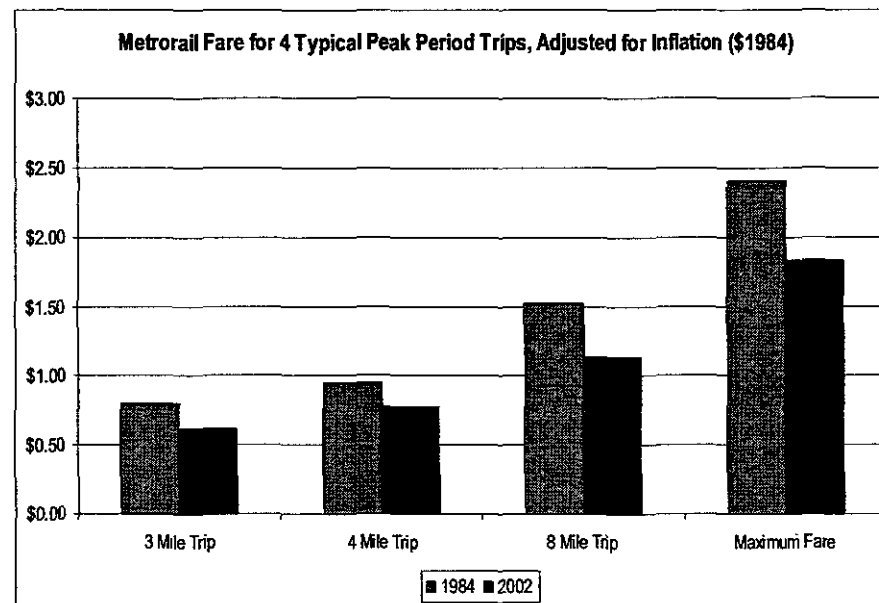
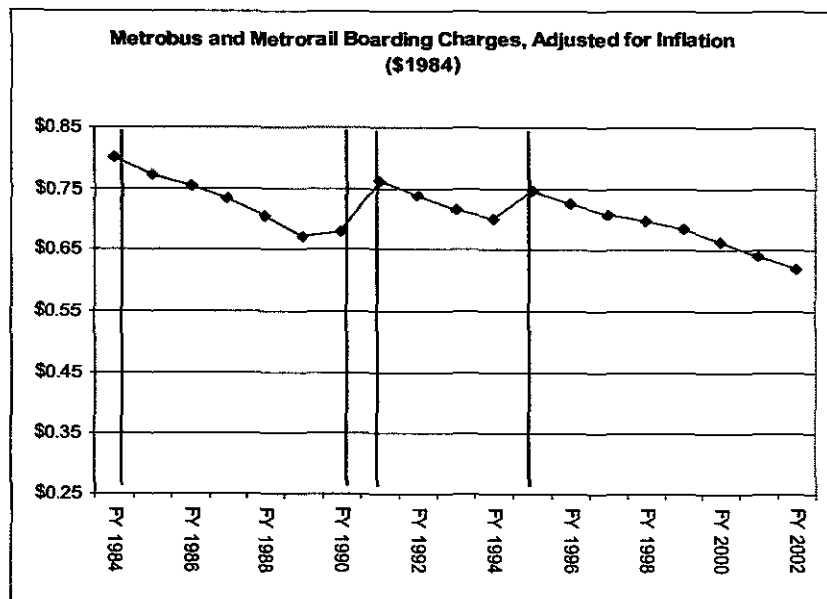
**51% of peak period passengers take advantage of the taper and cap, suggesting a continuation of the distance-based fare structure**



### Historic Trends of Metro's Service Levels, Fares, and Parking Fees

#### Metrobus/Metrorail Boarding Charge and Sample Fares

B-8



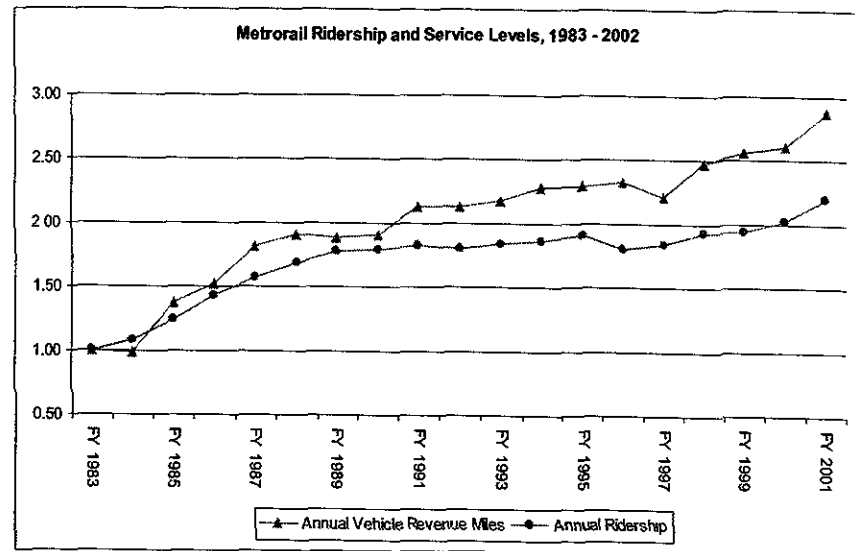
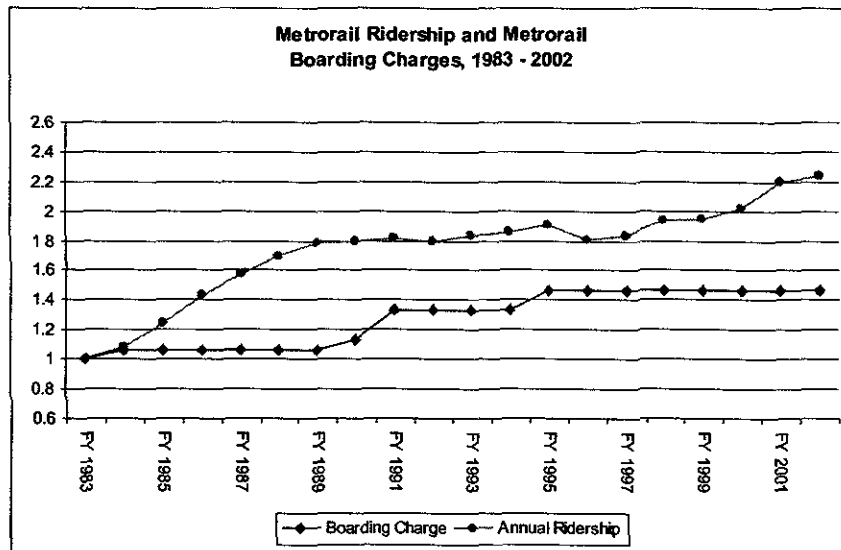
***If WMATA had increased fares after FY 1995 in accordance with the CPI, today's fares would be over 25% higher than their current level***





## Historic Trends of Metro's Service Levels, Fares, and Parking Fees

### Metrorail Boarding Charge, Service Levels, and Ridership Elasticity



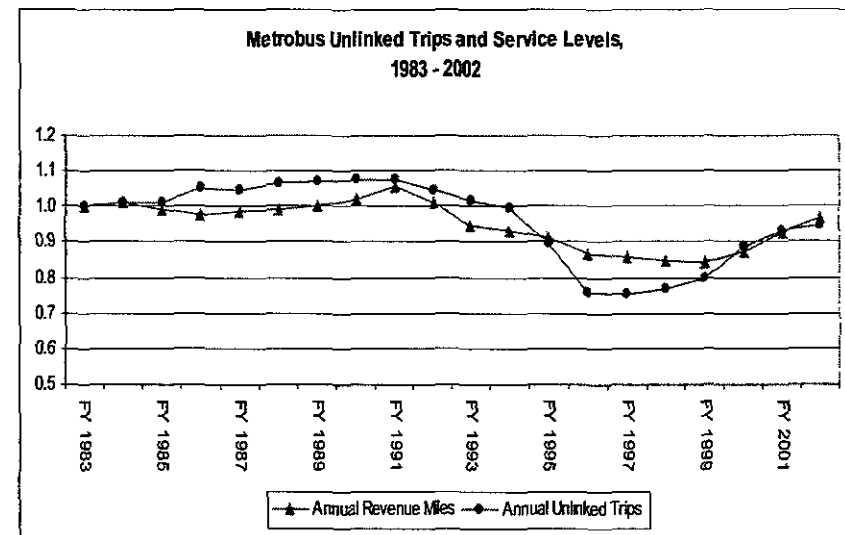
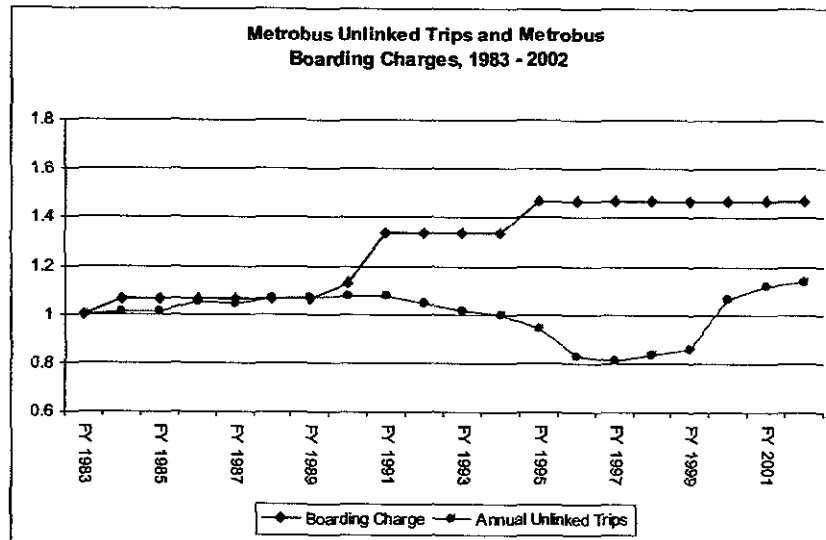
***Metrorail ridership is more sensitive to service changes than fare changes***



### Historic Trends of Metro's Service Levels, Fares, and Parking Fees

#### Metrobus Boarding Charge, Service Levels, and Ridership Elasticity

B-10



- Metrobus ridership decreased due to budgeted service reductions and the transfer of non-regional bus service to local providers; there have been no budgeted service reductions since 1995

***Metrobus ridership is also more sensitive to service changes than fare changes***



## **Historic Trends of Metro's Service Levels, Fares, and Parking Fees**

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### **Metrobus/Metrorail Passes**

- Metro offers 13 different passes for sale to the general public
- Utilization of Metrobus and Metrorail passes has declined as participation in Metrochek and SmarTrip programs has increased
- Market demand is greatest for the:
  - Metrobus One Day Pass
  - Metrorail One Day Pass
  - Metrobus One Week Flash Pass
  - Metrorail One Week Fast Pass
- Pass sales are declining at sales outlets and increasing for those passes offered at vendors

***Pass products offered to the public should reflect market demand***



## **Historic Trends of Metro's Service Levels, Fares, and Parking Fees**

### **MetroAccess Service and Fares**

#### **Federal Paratransit Service and Fare Requirements:**

- Service must be provided to all origins and destinations within  $\frac{3}{4}$  mile of fixed route service
- Service must be provided during all fixed-route transit service hours of operation, on a route by route basis
- Fare can be no more than twice the regular fixed-route fare

#### **Current MetroAccess Service and Fares:**

- Paratransit service is provided from/to any point in the Compact area, regardless of proximity to rail stations or fixed bus routes
- MetroAccess service is provided throughout the Compact area during Metro's regular hours of operation
- Fares are double the boarding charge for bus and rail (\$2.20), for all origins/destinations regardless of the length of the trip

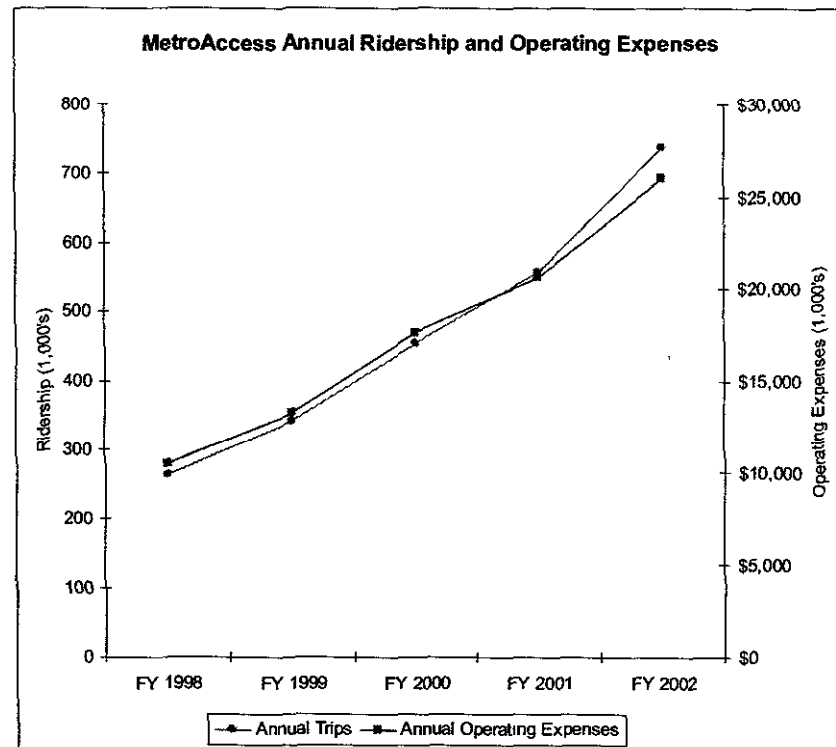
***MetroAccess service levels and fares are more favorable than federal requirements***



## Historic Trends of Metro's Service Levels, Fares, and Parking Fees

### MetroAccess Ridership and Operating Costs

- Trip demand has increased by more than 150% in the past four years
- Service levels and O&M costs have risen at the same rate as demand
- Average trip length is 11 miles compared to an average Metrorail Trip of 8 miles



**MetroAccess service levels and trips are driving the accelerated growth in costs**



### Historic Trends of Metro's Service Levels, Fares, and Parking Fees

#### Current WMATA Parking Costs and Fees

- Parking structures cost approximately \$12,000 to \$15,000 per space to construct, almost \$300 per year to operate and maintain, and about \$400 per year to rehabilitate

	Surface Lots	Structures	System Total
Number of Spaces <sup>1</sup>	27,770	21,577	49,347
Revenue Per Space Per Year	\$253	\$253	\$253
Operating and Maintenance Cost Per Space Per Year	\$227	\$294	\$256
Net Surplus/Deficit	\$26	(\$41)	(\$3)
Annualized Rehab. Cost	\$100	\$368	\$217
Net Surplus/Deficit Per Space <sup>2</sup>	(\$74)	(\$409)	(\$220)
Net Surplus/Deficit All Spaces	(\$2.1M)	(\$8.8M)	(\$10.9M)

<sup>1</sup> Does not include Kiss & Ride and metered parking

<sup>2</sup> Does not include the original cost of construction, which was funded by capital grants, the parking surcharge, and other sources

- The price of Metrorail parking is composed of two components

	Parking Fee Components		
Jurisdiction	O+M Portion of Fee <sup>1</sup>	Surcharge Portion of Fee	Total Fee
District of Columbia	\$2.00	N/A	\$2.00
Maryland:			
-Montgomery Co.	\$1.00	\$1.25	\$2.25
-Prince Georges Co.	\$1.25	\$0.75	\$2.00
Virginia	\$1.00	\$1.25	\$2.25

<sup>1</sup> Parking O&M fees are generally \$1.00 outside the Beltway and \$1.25 inside the Beltway

**WMATA breaks even on parking operating and maintenance costs, but is at a deficit when rehabilitation is considered**



### Comparative Pricing

#### Regional/Metro Parking Supply and Prices

- Approximately 60% of the region's 400,000+ parking spaces are free or subsidized
- Demand for parking exceeds supply
  - Most parking lots fill by 8:00 AM (+/-)
  - Traffic congestion makes demand for parking inelastic
- The Metrorail parking fee has not been increased since 1989, and is below 1989 levels when adjusted for inflation.

#### Regional Parking Supply

Facility	Number of Spaces
WMATA	54,000
Federal	56,000
Non-Federal	311,000

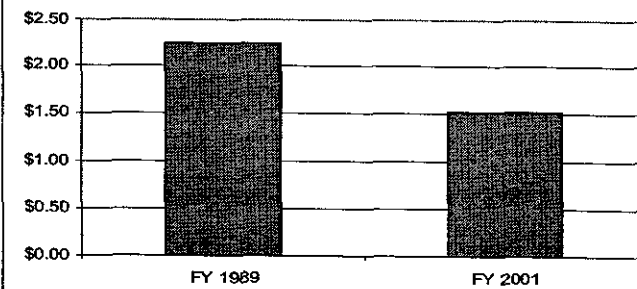
Source: 1990 COG Study; Free and Paid Commuter Parking in the Washington Region

#### Regional Parking Prices

	Daily
WMATA	\$2.25
Downtown DC	\$12.79
Bethesda/Rockville	\$8.11
Silver Spring	\$4.00
Northern Virginia <sup>1</sup>	\$10.20

1. Inside Beltway

Price Per Parking Space (\$1989)

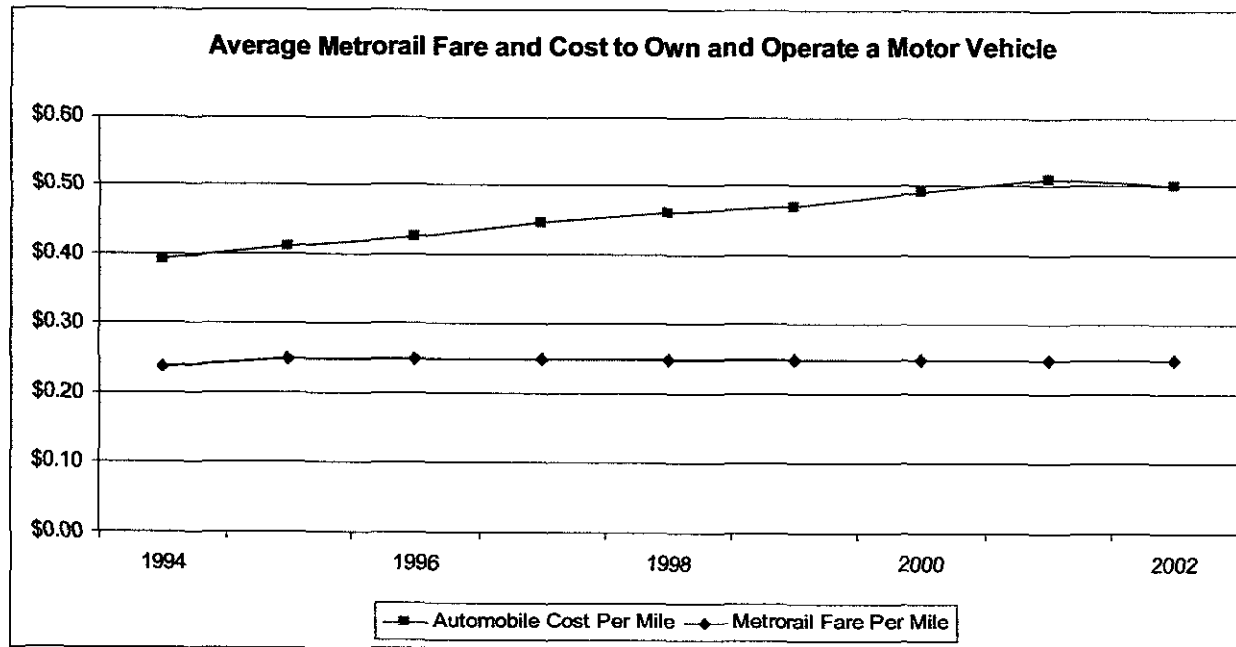


*The price of Metrorail parking is less than adjacent facilities; however regionwide, there is a high level of subsidization*



### Comparative Pricing

#### Comparing the Cost of Driving with the Price of Transit



Source: AAA; "Your Driving Costs"

The average price per mile for comparative services is:

- Auto: \$0.50/mile

Using WMATA's full fare:

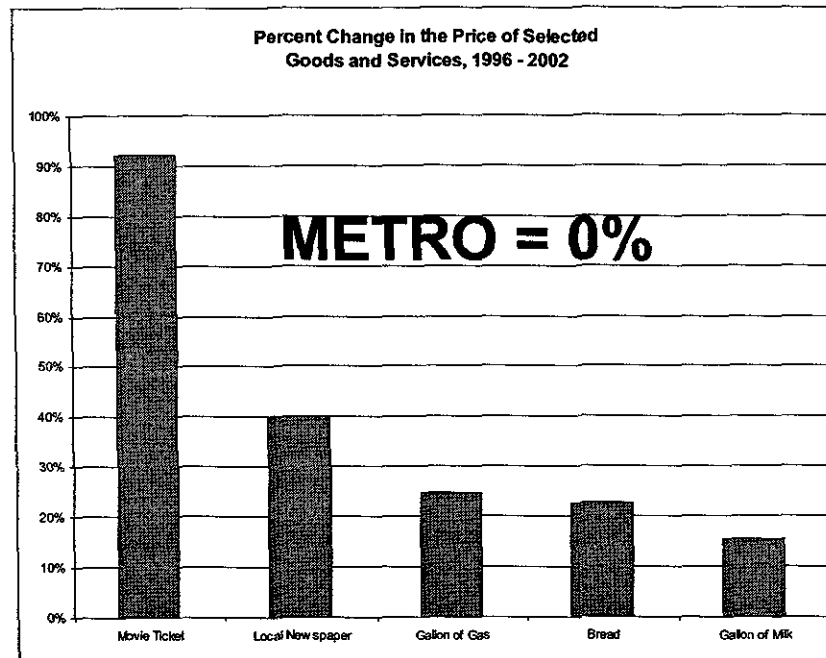
- Metrorail: \$0.26/mile (average trip length of 8 miles)
- Metrobus: \$0.21/mile (average trip length of 5.2 miles)

***The average fare for a WMATA trip is less than the cost of driving***





## Comparative Pricing – The Market Basket



*Prices for goods and services in a typical market basket have increased faster than Metro fares*



## **Guiding Concepts**

---

### **➤ Manage System Demand:**

- Transit is a peak oriented business - expensive to provide sufficient supply during peak demand periods
- Shift demand for rail service to the shoulders of the peak to reduce crowding and most effectively utilize rail capacity
- Minimize ridership losses and maximize passenger revenue
- Improve access via feeder bus service by increasing the span of peak period service

### **➤ Market-Based Pricing:**

- Targeted approach on Metrorail and an across the board approach on Metrobus
- Price transfers to encourage transit access
- Market-based parking rates: daily and reserved parking
- Promote use of SmarTrip by eliminating underutilized passes
- Eliminate high-value bonus incentive to take advantage of the expanding transit benefits incentive program

### **➤ Paratransit Services and Fares:**

- MetroAccess service must meet minimum federal guidelines
- Right-size the MetroAccess service area



**Manage System Demand Strategies: Shifting riders from most crowded peak period**

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**Pricing**

- Metrorail peak-of-the-peak pricing (60 – 90 Minutes)
- Reduce Metrorail peak period (4 hrs. to 3 hrs.) and change peak period pricing
- Metrorail peak/off-peak fare differential
- Retain existing Metrobus fare structure and change base boarding charge

**Service Levels**

- Enhance feeder bus services to rail – improve the span of peak period service levels (Offset costs by potential fare increase)

**Other Regional Opportunities**

- Encourage other regional strategies: flextime, alternative work schedules, parking management, and reverse commute

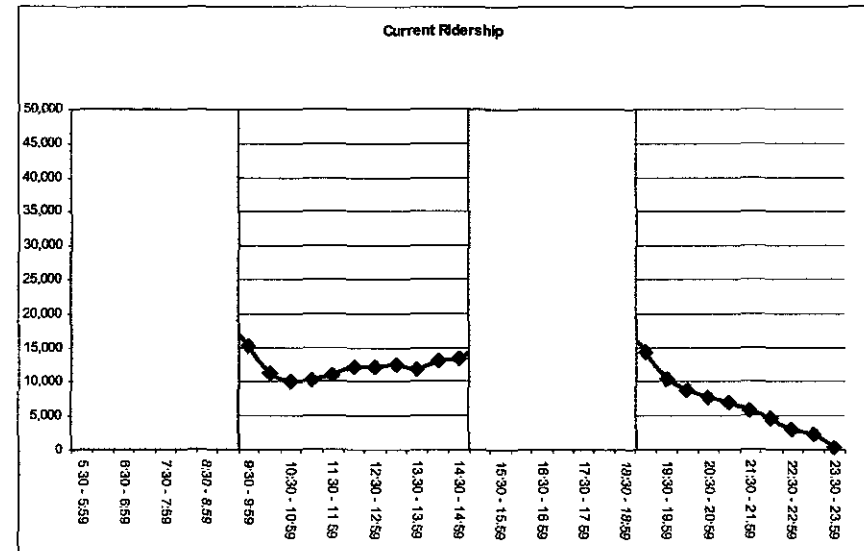
B-19



### Manage System Demand Strategies: Shifting riders from most crowded peak period

#### Metro Peak Period Pricing Options

- Metrorail ridership is peak oriented, with service designed to accommodate the highest level of demand during a 2-3 hour period
- Shifting riders from peak hour travel is dependent on:
  - Pricing
  - Duration of the peak period
  - Access to the rail system
- Maintain or increase the peak/off-peak price differential



#### Peak-of-the-Peak

- Substantial fare increase is required to shift demand
- A large fare increase will lead to ridership loss
- Adds a level of complexity to the fare structure
- \$1 million and approximately 16+ weeks to implement

#### 3-Hour Peaks

- 3 – 4% shift in peak hour ridership to the shoulders of the peak
- Adequate rail service is available in the shoulders of the peak to accommodate the shift in demand

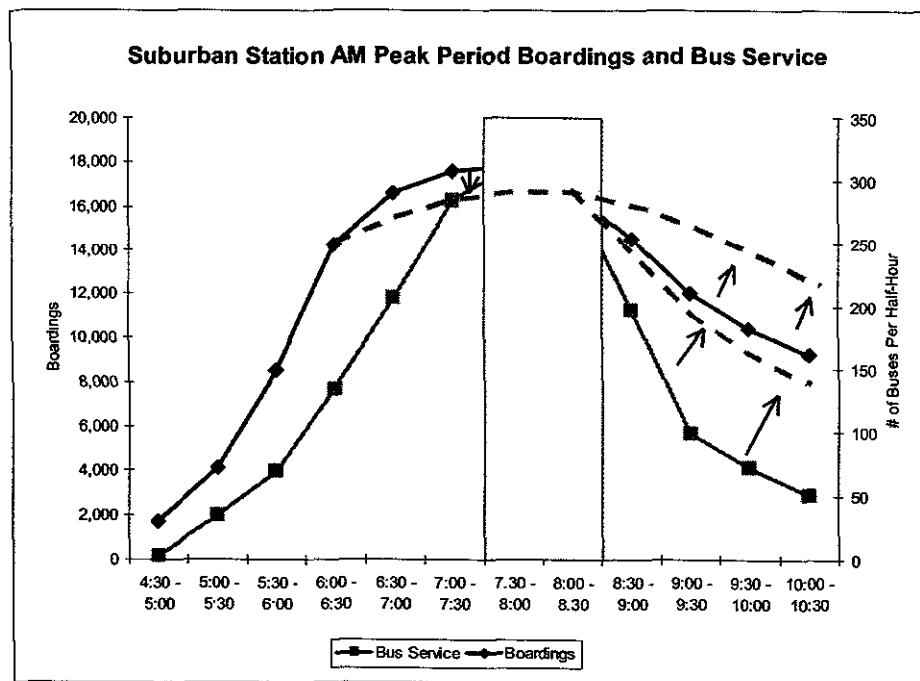
***The most effective strategy is reducing the peak period by one hour***



## **Manage System Demand Strategy: Shifting riders from most crowded peak period**

### **Improved Access Via Feeder Bus Service**

- Ridership is dependent on accessibility to the station
- Continued bus service is needed to bring people to the station when parking reaches capacity
- Current bus service declines when it is needed most
- Up to 80% of bus service at suburban stations is provided by other regional transit operators
- Metro must work with regional providers to ensure that feeder service is provided when it is needed



***Ridership is mostly dependent on bus service to access the system when parking reaches capacity***



**Market-Based Pricing Strategies**

---

- Targeted approach on Metrorail and a boarding charge increase on Metrobus
- Price transfers to encourage transit access
- Market-based parking rates: daily and reserved parking
- Promote Use of SmarTrip by eliminating underutilized passes
- Eliminate high-value bonus on rail given incentives of Transit Benefits Program and implementation of SmarTrip on Metrobus

B-22



## Marker-Based Strategies

### Targeted Approach on Metrorail and a Boarding Charge Increase on Metrobus

#### Metrorail:

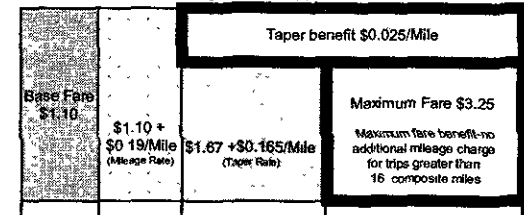
- Target fare increase to reflect the periods of highest customer demand and system overcrowding

#### Metrobus:

- The level and type of demand for service merits retention of the current fare structure and a boarding charge increase

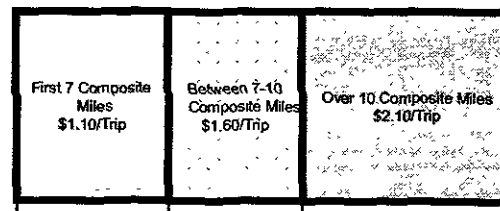
#### Metrorail Fare Structure

##### Peak Period Fare Structure



0 miles 3 miles 6 miles 16 miles 30 miles

##### Off-Peak Period Fare Structure



0 miles 7 miles 10 miles 30 miles

*Any fare proposal should consider changes to a range of elements related to the market demand for service*



## Market-Based Strategies

### Price Transfers to Encourage Transit Access

- Continue free bus-to-bus transfers
- Eliminate the current \$0.85 discount rail-to-bus paper transfer
- Implement a balanced rail-to-bus and a bus-to-rail transfer providing a \$0.45 discount each way on feeder bus service, available only with SmarTrip
  - Half of the feeder bus discount will be absorbed by Metrorail revenues and the other half by Metrobus revenue
  - If local bus systems implement the balanced transfer, there will be an additional \$5 million loss in Metrorail revenue that will have to be made up by agreement with the local jurisdictions
- Provide incentives for transit access to rail
  - Market based parking prices
  - Balanced transfer between bus-to-rail and rail-to-bus
  - Cost differential between automobile access and transit access
- Enhance feeder bus service levels to rail by increasing peak period span of service (offset costs by potential fare increase)

AM Peak Period Mode of Arrival	
Metrobus	13.2%
Local Bus	6.0%
<b>Total Bus</b>	<b>19.2%</b>
Automobile Access <sup>1</sup>	43.3%
Walk, Bike, Rail	31.2%
Other	2.4%

1. Automobile access includes park&ride, kiss&ride, and carpooling

***The fare to access rail by feeder bus should be less than the charge to park at a Metrorail station***





## **Market-Based Strategies**

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### **Market-Based Parking Rates: Daily and Reserved Parking**

- Maintain bus access vs. automobile access price differential
  - Reinforces bus access to Metrorail
- Price Metrorail daily parking to reflect the demand in the market
  - Most Metrorail parking lots full by 8:00 AM (+/-)
  - Metro is priced below the competition
- Price guaranteed parking to reflect market demand
  - There are 6,900 reserved spaces, with a waiting list of 4,300

***The cost to access Metrorail by parking should be more expensive than access by bus***



## **Market-Based Strategies**

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### **Promote Use of SmarTrip by Eliminating Underutilized passes**

- B-26
- Utilization of Metrobus and Metrorail passes has declined as participation in the Metrochek and SmarTrip programs has increased
  - Distribution of passes to outlets has associated costs which could be reduced if the pass program is scaled back
  - Retain the most popular passes available to the general public:
    - Metrobus One Day Pass
    - Metrorail One Day Pass
    - Metrobus One Week Flash Pass
    - Metrorail One Week Fast Pass
  - Increase the cost of retained passes by an amount equivalent to the increase in the bus and rail boarding charge

***Passes with the highest market demand should be retained as part of the fare structure***



## **Market-Based Strategies**

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### **Eliminate High-Value Bonus on Rail to Take Advantage of Transit Benefits Program**

- Bonus originally instituted to encourage purchase of high-value farecards and to provide incentive for transit use
- Transit Benefits Program has superceded high-value bonus as an incentive to attract ridership; SmarTrip accentuates this incentive
- WMATA partnering with the federal government and area employers to provide incentives

***Eliminate the bonus in order to take advantage of incentives of the Transit Benefits Program and SmarTrip***



## **Paratransit Fare and Service Strategies**

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### **Potential Strategies for Paratransit Services and Fares**

**MetroAccess service must meet minimum federal guidelines**

- Provide federally mandated paratransit service complementary to the fixed route system for ADA eligible customers
- Operate service to locations within 3/4 mile of rail stations or regular fixed route bus service
- Offer service throughout the same hours and days as fixed route service

**Right-size the MetroAccess service area**

- Charge twice the regular fare of the fastest equivalent trip on the fixed route system
- Restrict service area to the required 3/4 mile service area

***There are opportunities to minimize the revenue loss of paratransit service***



## **Fare, Service and Parking Charge Strategies**

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### **Overview**

- The WMATA fare proposal offers opportunities to shape travel demand and travel patterns
  - Incentives are provided for Metrorail riders to shift patterns of demand by modifying the AM and PM peak fare periods without reducing service
  - Metrobus feeder services can be enhanced to provide improved access to the Metrorail system
  - Transfer policies are used to encourage transit use
- Fare strategies raise revenue and minimize ridership loss
- A menu of options can be selected to achieve various regional policies
- Right-size paratransit fares and services

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## Staff Recommended Fare Menu

### Overview of Fare Proposal Menu

Fare Element	Metrobus	Metrorail	MetroAccess
Boarding Charge - Peak	Increase from \$1.10 to up to \$1.30 all day	Increase the peak from \$1.10 up to \$1.40 Increase mileage charge by up to \$0.04 Increase max fare by up to \$0.60	Twice the regular fare of the fastest fixed route equivalent
Boarding Charge - Off-Peak	Increase from \$1.10 to up to \$1.30 all day	Increase mileage divisions: -\$1.10 up to \$1.40 (0-7 Miles) -\$1.60 up to \$1.90 (7-10 Miles) -\$2.10 up to \$2.40 (Over 10)	Twice the regular fare of the fastest fixed route equivalent
AM and PM Peak Periods	N/A	Reduce from 4 hours to 3 hours	N/A
Transfers	Implement a balanced transfer between rail and bus at a discount of \$0.45 each way, SmarTrip only Eliminate the \$0.85 rail-bus paper transfer Retain free bus-bus transfer	Implement a balanced transfer between rail and bus at a discount of \$0.45 each way, SmarTrip only	N/A
High-Value Bonus	N/A	Eliminate	N/A
Parking Rates	N/A	Increase daily rate by up to \$1.00 and monthly reserved rate by up to \$30	N/A
Elderly and Handicapped	1/2 boarding charge, all day	1/2 the peak period fare, all day	N/A
Passes	Retain One Day Pass and One Week Flash Pass	Retain all passes sold from farecard vendors	N/A



**Staff Recommended Fare Menu**

**Menu of Fare Elements and Revenue Impacts**

	Revenue Impact (\$M)	Manage Demand	Market Based	Paratransit Service and Fees
<b>Rail</b>				
Increase peak period boarding charge from \$1.10 by \$0.10 to \$0.30 (3-hour peak)	\$6.6 to \$15.1	X	X	
Increase peak period mileage charges of \$0.19/mile and \$0.165/mile by \$0.02 to \$0.04 per mile (3-hour peak)	\$6.1 to \$11.7	X	X	
Increase the max fare of \$3.25 by \$0.30 to \$0.60 (3-hour peak)	\$1.0 to \$1.9	X	X	
Reduce the AM and PM peak periods from 4 hours to 3 hours each	(\$11.8)	X		
Increase off-peak fares of \$1.10, \$1.60, and \$2.10 by \$0.10 to \$0.30	\$4.7 to \$9.8		X	
<b>Bus</b>				
Increase the boarding charge from \$1.10 by \$0.10 to \$0.20	\$5.0 to \$7.9		X	
Institute a balanced transfer discount of \$0.45 each way between bus and rail, SmarTrip only	(2.9) <sup>1</sup>	X	X	
Eliminate \$0.85 rail-to-bus paper transfer	\$0.0		X	
Enhance feeder bus service to rail	(\$3.0)	X		
Retain free bus-to-bus transfers	\$0.0		X	
<b>Paratransit</b>				
Modify MetroAccess fares from \$2.20 to double the fastest equivalent bus and/or rail fare	\$1.7			X
Restrict service area to the required 3/4 mile service area	TBD			X
<b>Other Fares and Rates</b>				
Eliminate the high value bonus on rail	\$10.0		X	
Increase parking rates: daily rate of \$2.25 by \$0.25 to \$1.00; monthly rates from \$45 by \$5 to \$20; reserved rates from \$65 to \$95	\$2.6 to \$8.8	X	X	
Retain Elderly and Handicapped fares at one-half the peak period fare all day	Minimal		X	X
Retain the most popular transit passes: Metrobus and Metrorail One Week Pass and One Day Pass	Minimal		X	

1. An additional \$5 million loss in Metrorail revenue if implemented by local bus systems

**A combination of fare changes and feeder bus services enhancements can be selected to meet FY 04 revenue requirements**



### **Direction for further discussion**

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- Board continues discussion on fare policy for public hearing
- Fare Proposal Implementation Time Frame
  - 3 to 4 Weeks – Notice of Public Hearing on Fare Proposal
  - 2 Weeks – Public Hearings on Fare Proposal
  - 1 Week – Public Record Closes
  - 2 Weeks – Budget Committee receives staff report and recommendation on FY04 fare increase
  - 1 Week – Board Adopts Fare Change
  - 12 Weeks – Implement Fare Change
- 22 Weeks to Conduct Public Hearings, Approve, and Implement Fare Change

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SUBJECT: Public Hearings on Proposed Fare and Parking Rate Changes

**PROPOSED  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, The Washington Metropolitan Area Transit Authority provides Metrobus and Metrorail services to the residents of the region; and

WHEREAS, These systems combine to provide almost 1.2 million passenger trips daily; and

WHEREAS, The Washington metropolitan region has come to rely on the services of the Metrorail and Metrobus systems to provide safe and reliable service to respond to the mobility and accessibility travel needs of the region for work and discretionary activities; and

WHEREAS, The cost of Metrobus and Metrorail services are funded in part by passenger revenues and in part by subsidies provided by the District of Columbia, the State of Maryland, local jurisdictions in Virginia and the Commonwealth of Virginia; and

WHEREAS, The passenger fares on the Metrobus and Metrorail systems have not increased since July 1995; and

WHEREAS, The **General Manager/Chief Executive Officer's** proposed FY 2004 operating budget for Metrobus, Metrorail and MetroAccess currently includes a \$48 million shortfall; and

WHEREAS, The **General Manager/Chief Executive Officer** has recommended Board of Directors ~~has determined~~ that the FY 2004 operating budget shortfall ~~will have to~~ be addressed through a combination of cost reductions, subsidy increases and passenger revenue increases due to the current economic climate; now, therefore, be it

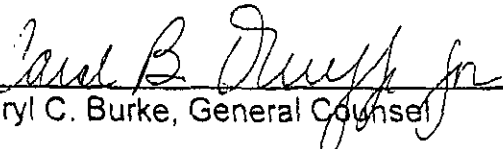
RESOLVED, That the Board of Directors, in accordance with Section 62 of the WMATA Compact, will conduct a series of public hearings on a proposed fare increase for FY 2004 that is contained in Attachment A; and be it **further finally**

RESOLVED, That the Board of Directors expressly reserves judgement on whether any of the proposed fare increases are appropriate or justified; and be it finally

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RESOLVED, That the Board of Directors authorizes the General Manager to report on the findings of the public hearings and that the Board of Directors shall consider these findings and public comments in their deliberations on a proposed fare increase for FY 2004.

Reviewed for legal form and sufficiency:

  
Cheryl C. Burke, General Counsel

## Attachment A

### PROPOSED METRORAIL AND METROBUS FARE ADJUSTMENTS

#### I. METRORAIL

##### 1. Proposed Metrorail Peak Fare Changes

- a. Increase the base boarding charge, which covers the first 3 composite miles by up to \$0.30.
- b. Increase the peak period mileage charge, covering travel over 3 composite miles and up to 6 composite miles by up to \$0.04/Composite Mile.
- c. Increase the peak period mileage charge, covering travel over 6 composite miles by up to \$0.04/Composite Mile.
- d. Increase the maximum peak period fare by up to \$0.60
- e. ~~Reduce the duration of the peak period fare, which currently runs from 5:30 AM to 9:30 AM and from 3:00 PM to 7:00 PM, by 1 hour in the morning and 1 hour in the evening~~

##### 2. Proposed Metrorail Off-Peak Fare Changes

- a. Increase the base boarding charge, which covers a trip of up to 7 composite miles of the trip, by up to \$0.30.
- b. Increase the 2<sup>nd</sup> Tier fare, which covers trips over 7 composite miles and up to 10 composite miles, by up to \$0.30.
- c. Increase the 3<sup>rd</sup> Tier fare, which covers trips over 10 composite miles, by up to \$0.30.

##### 3. Proposed Changes to the Metrorail Bonus Program

- a. Eliminate the 10 percent bonus paid on fare card purchases over \$20.00

#### II. METROBUS

##### 1. Proposed Metrobus Fare Changes

- a. Increase the boarding charge by up to \$0.20, all day

##### 2. Proposed Metrobus Express Service Fare Changes

- a. Increase the boarding charge by up to \$0.50

#### III. METRORAIL/METROBUS TRANSFERS

1. It is proposed to eliminate the existing \$0.85 Rail-to-Bus paper transfer
2. It is proposed to institute a balanced transfer policy for all transactions using a SmarTrip card, which will offer the following:
  - a. Up to a ~~\$0.50~~ **\$0.40** discount on Bus-to-Rail transfers, on Metrobus and Metrorail services.
  - b. Up to a ~~\$0.50~~ **\$0.40** discount on Rail-to-Bus transfers, on Metrobus and Metrorail services.
3. Metrobus shall retain a free Bus-to-Bus transfer between Metrobus services

#### IV. METROACCESS

##### 1. Proposed MetroAccess Fare Changes

- a. Change the fare from \$2.20, double the current \$1.10 bus fare, to twice the fastest fixed route equivalent
- b. Contain the service area to locations within 3/4 mile of rail stations or regular fixed route bus service

#### V. FARE MEDIA - PASSES

##### 1. Proposed Changes to Metrorail/Metrobus Fare Media

- a. It is proposed to eliminate the following passes:
  - i. Metrobus 28-Day Flash Pass
  - ii. Metrobus 28-Day Express Pass
  - iii. Metrobus/Metrorail Weekly Bus/Rail Fast Pass
  - iv. Metrobus/Metrorail Weekly Bus/Rail Short Trip Pass
  - v. Metrorail Weekly Short Trip Pass
  - vi. Weekly Senior Flash Pass
  - vii. Weekly Disabled Flash Pass
- b. It is proposed to eliminate the following fare media:

- i. Metrobus Tickets

- ~~ii. Metrobus Tokens~~ 1/16/03 dropped

#### VI. PARKING

##### 1. Proposed Changes to Daily Parking Rates

- a. Increase daily parking rates by up to \$1.00

##### 2. Proposed Changes to Monthly Parking Rates

- a. Increase the monthly parking rates by an amount up to \$20.00

##### 3. Proposed Changes to Monthly Reserved Parking Rates

- a. Increase the monthly parking rate for reserved parking to an amount not to exceed \$95.00 per month

#### VII. OTHER

##### 1. Proposed Changes to Elderly and Handicapped Fares

- a. Increase the Elderly and Handicapped fare on Metrobus to 1/2 the boarding charge, rounded down to the nearest five cents, all day.
- b. Maintain the Metrorail Elderly and Handicapped fare at 1/2 the peak period rail fare, which is not to exceed 1/2 the maximum fare, rounded down to the nearest five cents, all day.



## Staff Recommended Fare Menu

## Menu of Fare Elements and Revenue Impacts

	Revenue Impact (\$M)	Manage Demand	Market Based	Paratransit Service and Fees
<b>Rail</b>				
Increase peak period boarding charge from \$1.10 by \$0.10 to \$0.30 (3-hour peak)	\$6.6 to \$15.4 \$8.3 to \$18.9	X	X	
Increase peak period mileage charges of \$0.19/mile and \$0.165/mile by \$0.02 to \$0.04 per mile (3-hour peak)	\$6.4 to \$11.7 \$7.6 to \$14.7	X	X	
Increase the max fare of \$3.25 by \$0.30 to \$0.60 (3-hour peak)	\$4.0 to \$4.9 \$1.3 to \$3.3	X	X	
Reduce the AM and PM peak periods from 4 hours to 3 hours each	(\$4.0)	X		
Increase off-peak fares of \$1.10, \$1.60, and \$2.10 by \$0.10 to \$0.30	\$4.7 to \$9.8 \$4.0 to \$8.9		X	
<b>Bus</b>				
Increase the boarding charge from \$1.10 by \$0.10 to \$0.20	\$5.0 to \$7.9		X	
Institute a balanced transfer discount of \$0.45 \$0.40 each way between bus and rail, SmartTrip only	(2.9) <sup>1</sup> (\$0.5) <sup>1</sup>	X	X	
Eliminate \$0.85 rail-to-bus paper transfer	\$0.0		X	
Enhance feeder bus service to rail	(\$3.0)	X		
Retain free bus-to-bus transfers	\$0.0		X	
<b>Paratransit</b>				
Modify MetroAccess fares from \$2.20 to double the fastest equivalent bus and/or rail fare	\$1.7			X
Restrict service area to the required 3/4 mile service area	TBD			X
<b>Other Fares and Rates</b>				
Eliminate the high value bonus on rail	\$10.0		X	
Increase parking rates: daily rate of \$2.25 by \$0.25 to \$1.00; monthly rates from \$45 by \$5 to \$20; reserved rates from \$65 to \$95	\$2.6 to \$8.8 \$2.1 to \$6.9	X	X	
Increase monthly parking rates from \$45 by \$5 to \$20	Minimal		X	
Increase monthly reserved rates from \$65 to \$95	\$0.5 to \$1.9	X	X	
Retain Elderly and Handicapped fares at one-half the peak period fare all day	Minimal		X	X
Retain the most popular transit passes: Metrobus and Metrorail One Week Pass and One Day Pass	Minimal		X	

<sup>1</sup> An additional \$5 million loss in Metrorail revenue if implemented by local bus systems

A combination of fare changes and feeder bus services enhancements can be selected to meet FY 04 revenue requirements

$\Sigma_L = 40 \text{ million}$